

May 15, 2012  
6:00 P.M.  
Newport, Oregon

## **DRAFT**

### **CALL TO ORDER**

Chair Smith called the May 15, 2012, meeting of the City of Newport Budget Committee, to order at 6:00 P.M.

### **ROLL CALL**

Committee members in attendance were Don Huster, Oly Olson, Chuck Forinash, Jeff Bertuleit, Robert Smith, Mark McConnell, Fred Springsteen, Lon Brusselback, Janet Webster, Sandy Roumagoux, Dean Sawyer, Jeff Wiseman, and David Allen.

Staff in attendance was City Manager Voetberg, City Recorder Hawker, Public Works Director Gross, and Finance Director Marshall.

### **CONTINUED PUBLIC HEARING AND BUDGET PRESENTATION**

**Airport Fund** - Voetberg reported that there is no change in the operations or level of service from the previous year. He reported that the AIP grant money, in the amount of \$108,000, is federal pass through money and represents 90% of the match for the rehabilitation of Runway 16/34. Voetberg was asked about the timeline for hiring a new Airport Manager, and he reported that the hiring should occur around July 1, 2012. Webster asked what happens to the salary savings, and Voetberg noted that these monies go into the beginning fund balances. Voetberg reported that the city received a report that consisted of two corrections. He stated that a tabletop exercise would be held on May 22. He also noted that the taxiway signs will be moved. Voetberg reported that avgas sales are up this year, and that the Airport has done well in the sales of Jet A. It was asked whether the Airport position is going to be filled, and Voetberg noted that it has been filled. Allen asked about the total cost of moving sand from Mt. NOAA to the Airport, and it Gross noted that the cost was approximately \$64,000, and that the sand is onsite and the area is ready for development. Allen asked whether there is any economic development possibility in the works that would justify moving the sand to the Airport. Voetberg reported that the Tillamook Air Museum is still interested, and the fill has helped encourage and sustain this interest. Smith asked whether there is an economic plan for the Airport, and whether the city is working with the Chamber on this issue. McConnell noted that an economic opportunity analysis is in process that includes the Airport. Sawyer asked whether there is outside interest in purchasing the FBO, and about the repair of the roof on the main hangar. Voetberg noted that the roof can make it for a year and will be included in the 2013/2014 proposed budget. He noted that there are feelers out for the potential purchase of the FBO.

**Urban Renewal Agency** - Marshall reviewed the proposed Urban Renewal Agency budget. Allen asked about the assumed percentage increase to meet the Phase 1 - 3 projects, and at what point will the rate be looked at. It was reported that Tokos will be discussing these issues at the next URA meeting. Forinash asked what the Ash Street build out will look like, and Gross explained that the street will be paved; there will be no shoulder; but there will be a multi-use path. Forinash asked whether there is money for minor street improvements on Ferry Slip Road. Marshall noted that there are no plans to spend the contingency now. Allen noted that if the monies are used for debt service, there is more "bang for the buck." McConnell asked what projects are being contemplated on the north side. Voetberg reported that these projects include the HVAC system at the City Hall, lights at the Library and Recreation Center, and the refinishing of the gym floor at the Recreation Center. Smith asked about the percentage of the tax increment, and Marshall noted that the URA does not have to levy the full amount.

MOTION was made by Smith, seconded by Huster to approve the Newport Urban Renewal Agency 2013/2013 fiscal year budget and levy 100% of the tax increment for the South Beach Urban Renewal District. The motion carried unanimously in a voice vote. Marshall reported that he would provide the Budget Committee with amounts above the frozen base.

**Public Works Fund** - Springsteen noted that the water rates are projected to rise incrementally over five years in lieu of borrowing, and asked whether the rates will moderate when the improvements are paid for. Gross noted that the utility rate increases are not in lieu of loans, but will be used to minimize future increases. McConnell asked whether the projected utility rate increases are included in the proposed budget. Gross reported that an eight percent rate increase is included in the budget. He reviewed the proposed increases over the next five years. Smith asked Gross to explain whether there is a way to do what needs to be done without burdening the taxpayers. Allen asked whether an urban renewal district is an option in other parts of the community, and it was noted that the solution may be a blend of options. Gross referred to the American Water Works Association website, noting that it contains a video entitled "Liquid Assets" regarding infrastructure. A discussion ensued regarding the grease trap inspection and backflow prevention programs and how both functions had been rolled into Public Works Administration. Olson asked about the two FTE's in Public Works Administration, and it was noted that this includes the Public Works Director and the Public Works Administrative Assistant.

Gross reviewed the Public Works Department budgets including: engineering acquisitions; streets/storm drain maintenance; the \$6.80 stormwater fee that is built into the budget; water treatment and distribution; and wastewater. Allen asked whether a utility rate increase of eight percent had been used as a placeholder. He asked that Gross explain what will happen between now and the adoption of the budget at the end of June. Gross reported that the rates are yet to be determined, and that a public hearing is scheduled on Monday. He added that the stormwater utility fee is built in to the proposed budget. Webster asked about commercial utility rates. McConnell noted that the water conservation incentive is not there. He suggested that the utility bills contain a statement regarding how the revenues are being spent. Olson asked about the number of

supervisory employees included in the Streets Division and Storm Drain Maintenance Division. Olson asked about asphalt overlays and Gross responded to his questions. Forinash asked about water lines and Gross explained. Forinash asked about a recreation trail on Blattner Creek, dust abatement on gravel roads, and whether the cost per gallon of water will decrease when the new plant goes on line. Wiseman stated that he is concerned about water rates and the impact an increase will have on people living on a fixed income. Gross noted that the city is working on implementing an SOS plan that residents could use if they were having difficulty paying utility bills. Voetberg noted that the SOS plan should go into effect when the new utility billing system is implemented. Allen asked whether Voetberg has checked with the PUD on the success of its SOS plan. Allen asked about water loss rates, and Gross noted that he does not know how much water the city sells. Olson asked whether water conservation is built in. Gross reported that the base fee has a big impact. Marletta Noe asked about the base rate.

Allen asked whether it was staff's intent to only address larger funds. Huster suggested that utility rate increases and operational cost increases are bothersome, and suggested the city look at gaining efficiencies to minimize increases. McConnell noted that since the city is looking at its employee health insurance and retirement plans, it should take a bigger look at areas where it needs more control. Olson asked whether cities could refinance its debt. Forinash asked whether the loop shuttle was being funded at the same rate, and Voetberg noted that funding for this service was reduced by \$5,000 in the proposed budget. Forinash asked whether there was money in the proposed budget for wayfinding, and Voetberg reported that there is \$12,500 for wayfinding in the proposed budget. Springsteen asked whether there is money in the budget for Big Creek Road. Gross explained that the work on Big Creek Road is funded at 75% by FEMA, and 25% by the city. Wiseman asked about collective bargaining negotiations, and Marshall noted that he had budgeted conservatively relative to the bargaining units. Webster asked where the gasoline tax revenues are shown in the proposed budget, and it was noted that they are included in the Capital Projects Fund. Webster asked whether the Public Works Department is understaffed. Allen asked whether there is the ability to use the contingency in the Building Inspection Fund for folks to move forward with development. Roumagoux asked about infrastructure at the Airport, and noted that she hoped the city could find a private operator for the FBO. Brusselback addressed the Parks and Recreation budget. Bertuleit noted that this department sponsored the mountain bike race. Bertuleit suggested that the city look for ways to have a non-profit organization to take over the operation of the swimming pool. Sawyer stated that he was disappointed that the Police Department and Human Resources positions were cut last year. McConnell reiterated that the Police Department needs to create an option to have someone ready to step in when there is a vacancy. McConnell noted that the proposed budget is based on utility rate increases that have not been enacted by Council and may be changed.

Voetberg thanked the Budget Committee and staff for their time. He noted that the proposed budget is holistic, and that this has been a challenging budget year. He added that changes to the proposed budget means that monies have to come from somewhere else.

MOTION was made by Smith, seconded by Webster, to approve the City of Newport 2012/2013 Fiscal Year budget as submitted on May 8, 2012, and revised, in part, on May 15, 2012. The motion carried unanimously in a voice vote.

MOTION was made by Smith, seconded by Webster, to declare the permanent tax rate of \$5.5938, and the estimated required property tax levy for the Water Treatment Bonded Debt of \$935,000, and the Water Treatment Bonded Debt of \$750,000. The motion carried unanimously in a voice vote.

### **ADJOURNMENT**

Having no further business, the meeting adjourned at 8:11 P.M.

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Margaret M. Hawker, City Recorder

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Robert Smith, Chair